

## PAY ADMINISTRATION

**1. REASON FOR ISSUE:** To implement provisions of the “Veterans Health Care, Capital Asset and Business Improvement Act of 2003” (Public Law 108-170) as they relate to the Department of Veterans Affairs (VA) policy regarding pay administration.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007. This revision reflects the establishment of the chiropractor position within VA. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management Web site](#).

**3. RESPONSIBLE OFFICE:** The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources.

**4. RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.

**5. RESCISSIONS:** None.

**CERTIFIED BY:**

**BY DIRECTION OF THE SECRETARY  
OF VETERANS AFFAIRS:**

/s/Robert N. McFarland  
Assistant Secretary for  
Information and Technology  
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Office of Human Resources and

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## **CHAPTER 2. SETTING INITIAL RATES OF BASIC PAY**

### **1. SETTING RATES OF PAY FOR EMPLOYEES APPOINTED TO POSITIONS UNDER 38 U.S.C. 7306 OR 7401**

#### **a. Initial Rates of Pay**

(1) Personnel employed under 38 U.S.C. 7306 and 7401(1) shall be compensated in accordance with salary tables established by the Secretary for each occupation and salary grade for which a range of rates is established under 38 U.S.C. 7404. Physician assistants (PAs) and expanded function dental auxiliaries (EFDAs) are compensated according to the grade determined in accordance with qualifications prescribed by the Under Secretary for Health and approved by the Secretary. Employees appointed under 38 U.S.C. 7401(3) will be paid from the General Schedule salary system, but their assignments are not subject to the classification and grading requirements of chapter 51, title 5, U.S.C.

(2) The initial rate of pay for personnel appointed under 38 U.S.C. 7306 may be set by the Secretary, upon recommendation of the Under Secretary for Health, at any step rate considered appropriate within the range of rates provided for the grade to which appointed.

(3) The initial rate of pay for physicians, dentists, podiatrists, [chiropractors,] optometrists, PAs, and EFDAs appointed under 38 U.S.C. 7401(1) who do not have prior VA or other Federal civilian service will be the minimum rate of the grade unless a higher step rate is authorized under subparagraphs (5), (6), or c below.

(4) The initial rate of pay for physicians, dentists, podiatrists, [chiropractors,] optometrists, PAs, and EFDAs appointed under 38 U.S.C. 7401(1) who have prior VA or other Federal civilian service may be set based on the employee's highest previous rate, unless a higher step rate is determined appropriate under subparagraphs (5), (6), or c below. See chapter 4 of this part for highest previous rate determinations.

(5) The initial rate of pay for physicians, dentists, podiatrists[, chiropractors,] and optometrists appointed to Chief Grade and below and PAs and EFDAs appointed to Senior Grade and below may be set by the approving authority at any step rate of the appropriate grade on the basis of the individual's personal qualifications and attainments. The pay determination will be made in accordance with such qualifications as may be prescribed by the Under Secretary for Health and approved by the Secretary.

(6) The initial rate of pay for a physician or dentist (other than chiefs of staff) appointed to Executive grade or nurses or nurse anesthetists appointed at Nurse IV or Nurse V may be set by the approving authority at any step rate of the appropriate grade. The assignment of the grade shall be based upon criteria established by the Under Secretary for Health and approved by the Secretary, to cover complexity and responsibility involved in the specific assignment.

3. The earned step on any special salary rate range approved under 38 U.S.C. 7455 is to be used for the purposes of computing the highest previous step.

b. **Retroactive Adjustment of Salary Rates.** If sufficient data concerning prior Federal employment is not available to make a salary determination concerning the highest previous rate, the rate shall be established initially at the lowest clearly appropriate dollar amount within the grade. The following statement will be placed in the "Remarks" section of the Standard Form (SF) 50-B: "Pay rate subject to retroactive adjustment upon verification of prior Federal service."

c. Special Basic Pay Adjustments for Personnel Serving Under 38 U.S.C. 7306, 7401(1) or 7405(A)(1)(A)

(1) In unusual circumstances that are not otherwise covered by this chapter, the Secretary or designee may initially or subsequently adjust the salary of any person serving under 38 U.S.C. 7306, and any employee above Executive grade on the Physician and Dentist Pay Schedule, to any one of the approved step rates of the grade held. Similar action may be taken by the Under Secretary for Health on the pay of any physician or dentist in Executive grade, and by the Under Secretary for Health, or designee, for any other employee covered by 38 U.S.C. 7306, 7401(1) or 7405(a)(1).

(2) Upon change in assignment without change in grade of an employee who has been granted a special basic rate adjustment authorized in accordance with subparagraph c(1) above, the appropriate appointing official may readjust the rate by fixing it at any step of the grade which is no lower than the step rate the employee otherwise would normally have earned under part III, chapter 5 of this handbook. This authority is available for use when a change in assignment is made:

(a) To a locality or type of duty where circumstances would not be considered sufficiently unusual to warrant continuation of the special basic pay rate;

(b) At the employee's request and primarily for his or her benefit and convenience; or

(c) For personal cause.

d. **Rates of Pay for VHA Facility Directors and Chiefs of Staff.** See appendix II-A of this handbook for pay setting guidance for facility directors and chiefs of staff.

## **2. SETTING INITIAL RATES OF PAY FOR PERSONNEL SERVING IN TEMPORARY AND PART-TIME POSITIONS UNDER 38 U.S.C. 7405**

a. Part-time and intermittent physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs, and EFDAs shall receive, dependent upon the number of hours worked each week, the proportionate amount of the approved per annum rate appropriate to the grade appointed. The standard VA workweek of 40 hours shall serve as the basis for computation of the salary. The Under Secretary for Health will establish a standard limitation on the number of hours of employment. The Under Secretary for Health, or

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designee, may make an exception to such limitation on an individual basis when required in the interest of medical need.

b. Upon appointment or re-appointment under 38 U.S.C. 7405, the pay of part-time and intermittent physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs and EFDAs shall be determined by the Under Secretary for Health in a manner consistent with paragraph 1 of this chapter and parts III and IX of this handbook.

c. Upon a temporary full-time appointment under 38 U.S.C. 7405, the pay of a distinguished physician shall be set at a salary rate equivalent to a rate established for Medical Director grade, Section 7306 Schedule, as determined appropriate by the Under Secretary for Health.

d. Student nurse technicians with no prior experience will be paid the minimum rate of the appropriate grade under the General Schedule unless a higher rate is authorized under the authority in chapter 3, paragraph 3 of this part to approve an individual appointment above the minimum rate of the grade. The minimum rate should take into account any applicable special salary rate. Student nurse technicians with prior experience may be paid at a rate that does not exceed their highest previous rate, unless a higher rate is authorized under chapter 3, paragraph 3 of this part. Premium pay shall be paid under the provisions of 5 U.S.C., chapter 55. Grade determinations require application of the appropriate classification standard.

e. RTs, PTs, LPNs, OTs, and Pharmacists will be compensated as noted in paragraph 1, subparagraphs (7) and (8) of this chapter.

f. Graduate practical nurses, graduate vocational nurses, graduate physical therapists, graduate occupational therapists, and graduate pharmacists pending licensure shall receive a basic rate of pay commensurate with the minimum rate of the grade for which they qualify, unless an above-minimum entrance rate or special salary rate range has been approved for similar licensed employees, in which case the higher rate would apply. The employee may be given a higher rate under the highest previous rate rule because of prior Federal service.

g. Medical and dental residents are authorized to receive stipends approved by the Under Secretary for Health or designee. Under criteria and procedures established by the Under Secretary for Health, these stipends will be related as closely as practicable to local conditions of remuneration for residents in the hospitals having a major impact on VA's recruitment of house staff. Irrespective of the number of hours of service rendered in a day or a week, no compensation additional to the per annum rate shall be payable to residents by reason of duty at night, on overtime, on Saturday or Sunday, or a legal holiday, or on-call. (See appendix II-E of this part.)

h. The authority to set compensation of **consultants, attendings and others employed on a fee basis** has been delegated by the Under Secretary for Health to facility directors. These fees shall conform, insofar as possible, with practices prevailing within the profession concerned. Per annum ceiling limitations shall be imposed by the Under Secretary for Health on such pay and revised from time to time as necessary in the public interest for both patient care and treatment. Except as may be

specifically authorized by the Under Secretary for Health or designee, these limitations shall cover all types of services rendered in VA, and are to be applied uniformly. The foregoing requirements, however, shall not obligate VA to utilize the services of these persons to the maximum extent established by the per annum salary ceiling limitations. (See appendix II-F of this part.)

i. Each physician, dentist or nurse appointed as an **associate investigator** will receive a per annum salary rate related as closely as practicable to local conditions during the appointment. The salary will be approved by the facility director on the recommendation of the Deans Committee or Medical Advisory Committee but will not under any circumstances exceed the salary level of Intermediate grade, step 1, for physicians and dentists or Nurse IV, step 1 for nurses. An appointee will be in an ungraded position for the tenure of this appointment and, as such, is not eligible for advancements, such as promotions, special advancements or periodic step increases. However, with the approval of the Director, Office of Medical Research Service (121), these appointees shall receive pay comparability increases consistent with those granted employees paid under the VHA Physician and Dentist or Nurse Pay Schedules. This obviates the necessity for the Professional Standards Board to make grade and salary rate recommendations.

(1) If an associate investigator is to be given a regular VA appointment at the completion of training, the effective date of adjustments to the grade and step for which qualified for appointment will be the first day following completion of training.

(2) An on-duty employee serving as an associate investigator whose rate of pay exceeds the appropriate amount paid when converted to a training status may request a voluntary reduction, as appropriate, for the purpose of becoming a trainee. On completions of training, the grade and current equivalent of the salary rate held by such employee prior to entering training may be restored by the approving authority on recommendation of the appropriate Professional Standards Board. Likewise, the rate may be further adjusted to include periodic step increases which otherwise would have been earned if the individual had not become a trainee. The individual is entitled to receive a two-step increase above that adjusted rate if also qualified for change to a higher grade. The effective date of each such action will be the first day of the appropriate pay period following the completion of training.

j. Medical support personnel (i.e., employees other than physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs or EFDAs who are not trainees and students) serving under 38 U.S.C. 7405(a)(1)(D), who have no prior Federal civilian service are to be paid the minimum rate of the appropriate grade established for competitive service employees performing similar duties, unless an appointment above the minimum rate of the grade has been authorized (see chapter 3, paragraph 3 of this part). The minimum rate shall also take into consideration any applicable above-minimum entrance rate or special salary rate range. For employees with prior Federal service, a higher rate may be set within the applicable range of rates for competitive service employees performing similar duties. However, such rates may not exceed the current equivalent of the employee's highest previous rate, unless a higher rate is authorized under chapter 3, paragraph 3 of this part.

k. **Non-medical consultants** in scientific and other activities allied to medicine will be paid on a per annum or lump-sum fee basis in accordance with the same administrative requirements, including limitations, provided for medical consultants, except that the annual pay limitation is \$7,500. This

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## **CHAPTER 4. HIGHEST PREVIOUS RATE DETERMINATIONS (EARNED RATE RULE)**

### **1. HIGHEST PREVIOUS RATE DETERMINATIONS FOR TITLE 38 PERSONNEL**

a. A rate above the minimum may be set as the initial rate of pay for physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs, and EFDAs with prior VA or other Federal civilian service whose appointment or reappointment is made under 38 U.S.C. 7401(1). The rate may be set by approving authority at any step rate within the appropriate grade which does not exceed the highest step rate previously attained while rendering such service, unless a higher step rate is determined appropriate under chapter 2, paragraph 1a, subparagraphs (5), (6), or paragraph 1c of this part.

b. For physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs, and EFDAs, unless a higher step rate is authorized under chapter 2, paragraph 1a, subparagraphs (5), (6), or paragraph 1c, of this part, the specific step rate shall be based on a recommendation from the appropriate Professional Standards Board. The recommendation shall compare the quality of service rendered during such individual's prior employment with the quality of service expected of other persons in the same grade who have attained step rates above the minimum rate of the grade. This provision, however, shall not be construed as precluding reappointment of such person at a higher grade or step for which he or she is qualified.

c. The following restrictions apply in making highest previous rate determinations for personnel listed in paragraph 1a above:

(1) The rate must be based on prior full-time, part-time or intermittent service under an appointment or contractual agreement (38 U.S.C. 513), not limited to 90 days or less, or for a period of not less than 90 days under one or more appointments or contractual agreements without a break in service.

(2) It is generally inappropriate to use above-minimum entrance rates and special salary rate ranges as the highest previous rate when an employee voluntarily moves to a position where lower rates of pay apply. This is because approval of such rates is the result of recruitment or retention problems at a particular VA health-care facility and higher non-Federal pay rates in a specific labor market.

(3) In view of subparagraph c(2) above, above-minimum entrance rates or special salary rates may be used as the highest previous rate only with the prior approval of the facility director. A copy of this approval shall be filed on the right hand side of the Merged Records Personnel Folder and documented in the "Remarks" section of the Request for Personnel Action, or its electronic equivalent.

### **2. HIGHEST PREVIOUS RATE FOR TITLE 5 POSITIONS**

a. Title 5, United States Codes, section 5334(b) sets forth certain minimum pay adjustment rules applicable to promotions of employees between General Schedule positions. Subject to these mandatory requirements, 5 CFR 531.203(c) generally provides agencies with discretion to set the pay



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of the employee who is re-employed, transferred, reassigned, promoted, re-promoted, or demoted at  
any rate for the

**APPENDIX C.**  
**PAY CONVERSION INSTRUCTIONS FOR TITLE 38 STATUTORY RATES**

Subject to the provisions of 38 U.S.C. 7404(a) and (b), the rates of basic pay for personnel (excluding registered nurses and nurse anesthetists) appointed under 38 U.S.C. 7306 or 7401(1) shall be adjusted on the effective date of a general pay increase as follows:

1. Personnel receiving a rate of basic pay immediately prior to the effective date of a general pay increase at one of the step rates of a grade or position on the pay schedules applicable to appointees under section 7306 or 7401(1) of title 38, U.S.C. shall receive the rate of basic pay for the corresponding numerical step rate of that grade or position which is in effect on and after the effective date of the increase.
2. Rates of basic pay for temporary full-time, part-time and intermittent physicians, dentists, podiatrists, [chiropractors,] optometrists, PAs, and EFDAs appointed under 7405(a)(1)(A) shall be adjusted in the same manner authorized for personnel in paragraph 1 above.
3. Rates of basic pay for VHA General Schedule patient care employees receiving above-minimum entrance rates or special salary rate ranges shall be adjusted in accordance with part II, chapter 3 of this handbook.
4. The salary rate of an employee receiving a retained rate of pay under part III, chapter 6, paragraph 6, shall be increased as described therein, specifically, by 50 percent of the increase in the maximum rate of the grade. In computing the new rate, fifty cents or more shall be rounded to the next higher dollar amount.

**NOTE:** *The rates of basic pay for nurses and nurse anesthetists will be adjusted in accordance with part X, chapter 3, paragraph 7.*

**APPENDIX F.**  
**COMPENSATION OF CONSULTANTS, ATTENDINGS,**  
**AND OTHERS EMPLOYED ON A FEE BASIS UNDER 38 U.S.C. 7405**

**1. GENERAL.** The instructions in this appendix apply to the payment of physicians, dentists, optometrists, [chiropractors,] podiatrists, nurses, other health care, and non-medical consultants employed on a fee basis and appointed under 38 U.S.C. 7405(a)(2). These individuals provide services on a facility's premises. Individuals providing services off-station are not considered employees and are reimbursed for their services through the DHCP Fee System.

**2. COMPENSATION OF CONSULTANTS AND ATTENDINGS**

a. **General.** Compensation will be on a lump sum fee per visit or per annum salary, depending on the type of appointment. Physicians, dentists, optometrists, [chiropractors,] podiatrists, and nurses may be appointed as consultants; these same professions, and nurse anesthetists, may be appointed as attendings. See paragraph 4 for information on annual limitations on compensation.

b. **Lump Sum Fee.** Compensation will be made on a lump sum basis for each visit. Only a single visit per day will be compensated. The fee will be determined on the basis of the actual service rendered, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required. When setting the fee, consideration should be given to the level prevailing in the community. Consideration should also be given to the fact that VA provides office space, supplies, malpractice insurance coverage, and other support; thus, the amount of the fee will be normally be less than if the services were performed in the practitioner's own office. The service portion of the fee (exclusive of travel and per diem expenses) may not exceed \$75 (for consultants) or \$40 (for attendings) for a day or any portion thereof. Any additional payment for travel or per diem may not exceed the amount permitted under VA travel regulations, and must be fully documented.

c. **Per Annum Salary.** Consultants and attendings paid on a per annum basis are expected to be available for recurring and regularly scheduled duty to meet the needs of VA. Compensation will be based on fees determined in the same manner as above (including the service fee limitation), multiplied by the number of visits projected for the coming year. That amount is divided by 26 (or 27, as appropriate) and paid to the per annum consultant or attending on a biweekly basis, with the following provisions:

(1) When a consultant or attending is available for duty but there is no need for the individual's services in a particular day or scheduled period, no recovery of fees will be made.

(2) When a consultant or attending is unavailable for duty for a specified period, their salary will be reduced on a prorata basis for the number of projected visits missed.

(3) When a consultant or attending is frequently unavailable for call, a change to the fee basis arrangement should be considered.

**d. Exceptions to Service Fee Limitations**

(1) The maximum service fees for consultants and attendings (exclusive of travel and per diem allowances) are \$75 and \$40, respectively, unless exceptions are approved by the facility director.

(2) Exceptions will be made on an individual or category basis.

(3) Exceptions for individual service providers will specify the new fee limit, and will be based on the community level of fees for comparable services, distance of facility or sites served from provider's business office, length of normal visit, and availability of the service in the community from other providers.

(4) When facilities find it necessary to approve individual exceptions on a regular basis, exceptions on a category- or facility-wide basis may be approved. These exceptions will be based on the same criteria as in subparagraph (3), above, and will specify the new limit on the fee or fees. Exceptions will be funded within the facility's target allowance.

**3. COMPENSATION FOR ALL OTHER FEE BASIS APPOINTMENTS**

a. **Covered Positions.** By law, fee basis appointments are limited to the following categories of personnel:

(1) Categories appointed under 38 U.S.C. 7401(1), i.e., physicians, dentists, optometrists, podiatrists, [chiropractors,] nurses, physician assistants, and expanded-function dental auxiliaries.

(2) Categories appointed under 38 U.S.C. 7401(3), e.g., licensed physical therapists, certified or registered respiratory therapists, licensed or practical licensed nurses, occupational therapists, and pharmacists.

(3) Other professional and technical health care personnel, defined as:

(a) Health care occupations that require knowledge in a field of science or learning characteristically acquired through education or training equivalent to a bachelor degree or higher, with major study in, or pertinent to, the specialized field, as distinguished from general education. Work requires the exercise of discretion, judgment, and personal responsibility for the application of an organized body of knowledge.

(b) Work associated with and supportive of a health care professional category. It involves extensive practical knowledge gained through experience or specific training less than that represented by graduation from college. Work involves substantial elements of a professional field. Administrative, clerical, and manual trades are specifically excluded from the technical category.

grade which equals or exceeds the employee's existing rate of basic pay (including the higher rate based on specialized skills) by not less than one step increment within the grade from which promoted.

Example: An employee at Nurse I, step 5, based on possession of specialized skills receives the lowest step of Nurse II that equals or exceeds Nurse I, step 6.

**d. Advancement of Nurses and Nurse Anesthetists to a Higher Level Upon Attainment of Additional Qualifications**

(1) Nurses and Nurse Anesthetists advanced to a higher level within Nurse I will receive two steps or be placed at the first step of the appropriate level, if that step is greater. However, except as noted for head nurses in chapter 8 of this part, no advancement may exceed the maximum authorized step of the grade. For example, an employee in Level 1 of Nurse I who is at step 1 would be advanced two steps upon attaining the qualifications for Nurse I, Level 2; however, the employee would be advanced to the beginning step of Level 2 if the beginning step of Level 2 is higher than step 3 of the grade.

(2) Advancement based on the attainment of a higher level in Nurse I is an equivalent increase and will cause the employee to begin a new waiting period for a PSI.

(3) Employees who are advanced to a higher level based upon attainment of additional qualifications effective the same date that they are reassigned or transferred to another VA facility shall have their advancement calculated using the pay schedule of the losing location (i.e. advanced two steps or to the first step of the next higher level, whichever is greater). Once the new grade and step rate is determined, the employee's salary rate is determined under the provisions in paragraph 1c(2) of chapter 4, this part.

**2. PROMOTIONS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405.** Upon promotion under 38 U.S.C. 7405, the pay of part-time and intermittent physicians, dentists, podiatrists, [chiropractors,] optometrists, nurses, PAs, and EFDAs shall be determined by the Under Secretary for Health in a manner consistent with paragraph 1 of this chapter.

**NOTE:** *Refer to chapter 7, paragraph 4, of this part for promotions involving special rates.*

**3. PROMOTIONS FOR POSITIONS SUBJECT TO 5 U.S.C, CHAPTER 51**

a. **Promotion.** On promotion, including transfer with promotion, an employee's salary will be set in accordance with the mandatory provisions of 5 U.S.C. 5334(b) (the "Two-Step Rule") or the provisions of this handbook regarding the application of the earned rate rule.

b. **Re-promotion.** On re-promotion to a grade which an employee previously has held in VA, or to an intervening grade, his or her salary rate will be determined consistent with the provisions of subparagraph a above, or consistent with the earned rate rule, if appropriate, whichever results in the higher rate. The limitations in part II, chapter 4, paragraph 2b, on consideration of prior VA service shall not apply to these re-promotions. If application of the earned rate rule is not appropriate under the criteria specified, the salary shall be set at any lower step rate not less than the minimum required

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## CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES

### 1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401

a. **General.** Periodic step increases may be granted to any physician, dentist, optometrist, [chiropractor,] podiatrist, nurse, PA or EFDA who is receiving less than the maximum rate of his or her grade. That employee shall be advanced to the next higher step rate within such grade subject to meeting the eligibility requirements and waiting periods listed below. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

b. **Conditions of Eligibility for a Periodic Step Increase (PSI).** A PSI will be granted when:

- (1) An employee's work is of an acceptable level of competence;
- (2) No "equivalent increase" in compensation was received during the period under consideration; and
- (3) The benefit of successive step increases shall be preserved for any person whose continuous service is interrupted by active military duty.

c. **Waiting Period.** The minimum time requirement of creditable service without an equivalent increase is either 52 or 104 weeks of creditable service as indicated below:

(1) Physicians, dentists, podiatrists, [chiropractors,] optometrists - upon completion of a 104-week waiting period.

(2) PAs and EFDAs at step 1 or 2 on the *regular* rate range of Junior or Associate grade-upon completion of a 52-week waiting period.

(3) PAs and EFDAs (including *any* PA or EFDA on an above-minimum entrance rate or special salary rate range)-upon completion of a 104-week waiting period.

(4) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 1 through 3 of the grade - upon completion of 52 calendar weeks of creditable service.

(5) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 4 and higher of the grade - upon completion of 104 calendar weeks of creditable service.

(6) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service.

(3) Leave without pay not to exceed in total 30 calendar days for physicians, dentists, podiatrists, [chiropractors,] and optometrists; 176 hours for PAs and EFDAs within the period required for one periodic step increase; 80 hours for nurses and nurse anesthetists when the waiting period is 52 calendar weeks and 160 hours when the waiting period is 104 weeks. The number of hours of LWOP taken by nurses on the Baylor Plan shall be multiplied by 1.667 when determining creditable service.

(4) Except as provided in subparagraph (7) below, paid employment on a full-time, part-time, or intermittent basis under the authority of 38 U.S.C. 7401(1), or 7405(a)(1)(A) rendered prior to a non-pay period (including separation), provided that such non-pay period did not exceed 52 calendar weeks.

(5) Active military duty when otherwise creditable service is interrupted.

(6) Any period of 120 calendar days or less between discharge or termination of active military service and re-employment under mandatory provisions of any statute or regulation.

(7) Actual service rendered prior to an extended absence on leave without pay, regardless of the length of such absence, which is due to injury or illness incurred as a direct result of employment.

(8) Leave of absence granted to an employee who is receiving compensation for work injuries under 5 U.S.C. chapter 81.

f. **Equivalent Increase in Compensation.** The total of any increase or increases in basic compensation (except general increases in basic compensation provided by statute) which is equal to the smallest step increase in any grade in which the employee has served during a period under consideration constitutes an equivalent increase. Instructions regarding equivalent increase determinations, when above-minimum entrance rates or special salary rate ranges are approved, are contained in chapter 7 of this part.

g. **Effective Date.** Periodic step increases shall be made effective at the beginning of the next pay period following the completion of the required waiting period and compliance with other required conditions of eligibility. When a step increase is delayed beyond its proper effective date solely through an administrative error or oversight, the step increase shall be made retroactively effective as of the date it was properly due. When employees are promoted in grade on the date of a periodic step increase, they shall first be credited with the periodic step increase, then promoted.

h. **Effect of Special Advancements on Waiting Periods.** Special advancements for performance or achievement for personnel appointed under 38 U.S.C. 7401 are not considered equivalent increases under paragraph 5, subparagraph f below. However, these increases and advancements may place an employee in a waiting period that requires an additional 52 calendar weeks of creditable service before the employee is entitled to receive his or her next within-grade increase.



## **2. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405**

a. **General.** Temporary full-time, part-time and intermittent physicians, dentists, optometrists, [chiropractors,] podiatrists, nurses, PAs, and EFDAs shall be granted periodic step increases under the same provisions applicable to full-time employees appointed under 38 U.S.C. 7401, except as provided in subparagraphs b and c. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

### **b. Waiting Period Requirements for Intermittent Employees**

(1) 260 days of creditable service in a pay status over a period of not less than 52 calendar weeks, for advancement of intermittent PA's and EFDAs to steps 2 and 3 on the regular range of Junior and Associate grades.

(2) 520 days of creditable service in a pay status over a period of not less than 104 calendar weeks, for advancement of intermittent physicians, dentists, podiatrists[, chiropractors,] and optometrists to step 2 and above for all grades, and all intermittent PAs and EFDAs, except those in subparagraph (1) above. This includes any PA or EFDA on an above-minimum entrance rate or special salary rate range.

c. **Leave Without Pay Service Credit for Part-Time Employees.** In computation of the waiting periods for part-time employees, leave without pay may be credited in an amount not to exceed 22 workdays within the period of service required for one periodic step increase.

d. **Within-Grade Increases for Medical Support Personnel Serving Under 38 U.S.C. 7405(a) (Other Than Trainees or Students).** Employees covered by this subparagraph who are appointed for a period in excess of one year are eligible for within grade increases, i.e., if they are given a 2-year or 3-year appointment. Employees given appointments of one year or less are not eligible for within-grade increases.

e. **Trainees and Students Serving Under 38 U.S.C. 7405.** These employees are paid either on a per annum training rate basis or a stipend basis and are ineligible for within-grade increases.

## **3. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7306**

a. For positions at or below Medical Director grade for which a range of rates is provided, an administrative pay increase to the next higher step rate available for use shall be granted upon completion of 104 weeks of service at the lower rate within the grade. This provision does not apply to a nurse appointed under this authority, whose pay will be set and adjusted under the provisions of the Nurse Locality Pay System and the following subparagraph.

b. Nurses appointed under 38 U.S.C. 7306 shall receive advancements within the grade in the same manner as described in paragraph 1, above, for nurses appointed under 38 U.S.C. 7401.

## APPENDIX D. SEVERANCE PAY ENTITLEMENT FOR TITLE 38 EMPLOYEES

Coverage: The regulations for authorizing severance pay for employees who are involuntarily separated from Federal service are found in 5 CFR, part 550, subpart G. Coverage includes both title 5 and title 38 employees who meet eligibility requirements.

The following chart identifies by occupation, appointment authority, and duty status those title 38 employees who are entitled to severance pay when they are involuntarily separated and meet all other eligibility criteria found in 5 CFR 550.704.

Occupation	Appointment Authority	Duty Status	Entitled	
			Yes	No
Physician, dentist,	7401(1)	FTP	X	
podiatrist, optometrist,	7405(a)(1)(A)	PT (w/o time limit)	X	
[chiropractor,]	7405(a)(1)(A)	FT (w/ time limit)		X
RN, PA, EFDA	7405(a)(1)(A)	PT (w/ time limit)		X
	7405(a)(1)(A)	intermittent		X
Non-career residents/interns	7406(a)(1)	temporary		X

### Special guidance for employees on time-limited appointments:

An employee who is involuntarily separated from a time-limited appointment when this appointment was effective within 3 calendar days after a qualifying appointment (i.e., an appointment without time limit) is entitled to severance pay if they meet all other eligibility criteria. This includes employees who have had a number of successive time-limited appointments without a break in service when they were originally on a qualifying appointment. **NOTE:** *Qualifying and non-qualifying appointments are defined in 5 CFR 550.703.*

#### Example:

1/1/90 – 1/14/93: FTP physician appointed under 38 U.S.C. 7401(1)  
 1/16/93 – 1/15/95 7405(a)(1)(A) Converted to a 2 year PT time-limited appointment under 38 U.S.C.  
 1/16/95 – 1/15/97 7405(a)(1)(A) Converted to a 2 year FT time-limited appointment under 38 U.S.C.  
 5/31/96: Involuntarily separated (staff adjustment).

Employee is entitled to severance pay.

## CHAPTER 2. OVERTIME AND COMPENSATORY TIME OFF

**1. GENERAL.** Overtime is considered an expedient to be used only under conditions wherein necessary operations cannot be performed through planned coverage by on-duty personnel during their regular non-overtime basic workweek. Supervisory personnel must obtain proper authorization for overtime before permitting or requiring the performance of overtime work by an employee. Administration Heads, Assistant Secretaries and Other Key Officials are authorized to prescribe, in their responsible areas, such limitations as are necessary to provide control and prevent abuse of the use of overtime. Each responsible official must assure that the rights of employees to compensation for overtime services are observed. Each responsible official shall also adhere to a policy of authorizing only such overtime as can be readily demonstrated as wholly supported from the standpoint of emergency and/or efficiency in carrying out responsibilities, and with due regard to cost and the availability of current funds. Any request for annual leave in proximity to overtime by the same employee will be scrutinized to assure that the granting of annual leave is in the interest of good administrative practice.

### **2. OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7306, 7401 AND 7405**

a. **Physicians, Dentists, Podiatrists, [Chiropractors,] and Optometrists.** Full-time employees covered by this paragraph are employed on the basis of availability for duty 24 hours a day, 7 days a week. No extra amount in addition to the regular per annum rate shall be payable to these employees for duty on a legal holiday, Saturday or Sunday, at night, on overtime, or for on-call duty. In addition, part-time and intermittent physicians, dentists, podiatrists[, chiropractors,] and optometrists may not receive extra pay for duty performed on a legal holiday, on a Saturday or Sunday, at night, for overtime, or for on-call duty. However, regular straight time pay is authorized for full-time and part-time employees for time off on a holiday or non-workday designated by Federal Statute or Executive Order when absence from duty is officially approved.

#### **b. Overtime Pay for Nurses, PAs, and EFDAs**

(1) Except as provided in paragraph 3a of this chapter, probational and permanent full-time nurses, PAs, and EFDAs are employed on the basis of a 40-hour basic workweek, unless on an alternate work schedule, as indicated in VA Handbook 5011, Hours of Duty and Leave. Computation of regular pay for employees on the 40-hour basic workweek shall be based on a basic hourly rate, derived by dividing the employee's annual rate of basic pay by 2,080.

(2) General provisions for the payment of overtime pay for nurses, PAs, and EFDAs

(a) Leave without pay is not included when computing hours of work for overtime purposes.

(b) Overtime must be at least 15 minutes duration in a calendar day to be creditable for overtime purposes.

(1) Multiply the annual basic rate of pay for the grade and step of the employee by the approved percentage and round down to the nearest whole dollar. This amount cannot exceed 25 percent for individual authorizations or 10 percent for group authorizations, unless approved by OPM.

(2) Divide the result by 2087 to calculate the hourly rate of retention allowance for title 5 employees and by 2080 hours to calculate the hourly rate for title 38 employees, except physicians, dentists, optometrists[, chiropractors,] and podiatrists; for these employees, divide the result by 364 days to calculate the daily rate.

(3) Pay the employee this hourly rate of retention allowance for each hour the employee receives basic pay, excluding overtime hours.

b. Since retention allowances are paid for each hour an employee receives basic pay, reductions in hours of work will automatically reduce the amount of the annual allowance.

c. OPM's definition of "rate of basic pay" excludes additional pay of any kind; therefore, retention allowances shall be calculated only on the rate of basic pay exclusive of additional pay of any kind, including pay for overtime hours. (See 5 CFR 575.303 for the definition of "rate of basic pay" for purposes of paying retention allowances.)

d. An employee may not receive any portion of a retention allowance that would, in combination with the estimated aggregate of all the employee's other payments, cause total compensation received during the calendar year to exceed the **aggregate limit on pay**. If an increase in a non-discretionary payment(s) causes the estimated aggregate compensation to exceed the aggregate limitation, the amount of the retention allowance will be reduced to the extent necessary to remain within the limit specified. The aggregate limit on compensation is the rate of pay for EL-I. The limit on total compensation for physicians and dentists is the amount prescribed in 3 U.S.C. 102.

## 9. ANNUAL REVIEW

a. Each authorization must be reviewed at least annually to determine whether continued payment is appropriate and, if so, whether the amount should be adjusted. Consideration should be given to the local job market and the current likelihood of the employee's leaving. The automated human resources and payroll system will generate a notice five months prior to the anniversary date of each allowance authorization. These notices will be used to evaluate the need to continue the allowance and whether the amount should be adjusted.

b. Not later than ten months after approval of an allowance and annually thereafter, recommending officials will submit to the appropriate approving officials requests to terminate, continue unchanged, or adjust the allowances. Approving officials will approve, disapprove, or alter the recommendation over their signatures. Changes will be effective at the beginning of the first pay period after the decision if received prior to the anniversary date of the allowance. Justification from the original request that is still applicable to the case should be included in the annual renewal request. Appendix VI-F of this handbook contains a sample request for the annual review of retention allowances.

### 3. REQUESTS FOR SPECIAL SALARY RATES UNDER 38 U.S.C. 7455

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special salary rates (SSRs) by the Under Secretary for Health under 38 U.S.C 7455.

(1) This paragraph applies to:

(a) Veterans Health Administration (VHA) General Schedule (GS) employees providing direct patient care services or services incident to direct patient care;

(b) VHA police officers, and

(c) Health-care personnel appointed under title 38 U.S.C. for which the Under Secretary for Health has retained approval authority including registered nurses, certified registered nurse anesthetists, expanded-functional dental auxiliaries, podiatrists, [chiropractors,] optometrists, and board certified clinical or counseling psychologists.

(2) This subchapter does not apply to VHA GS administrative, clerical and physical plant maintenance personnel whose special salary rates are approved by the Office of Personnel Management under 5 U.S.C. 5305.

#### b. Responsibilities

(1) The Under Secretary for Health or designee will approve special salary rate ranges and above-minimum entrance rates for employees covered by this paragraph.

(2) For occupations covered under paragraphs 3a(1)(a) and (b) above, the Under Secretary for Health or designee shall, not less than 45 days prior to the proposed effective date of an increase, notify the Director of the Office of Personnel Management of the Under Secretary for Health's intention to approve such an increase. The Director of the Office of Personnel Management may disapprove such an increase under the provisions of 38 U.S.C. 7455(d)(2).

(3) Veterans Integrated Service Network (VISN) directors are responsible for:

(a) Reviewing facility requests to ensure they are consistent with the criteria contained in this chapter.

(b) Designating a lead facility when necessary to coordinate special salary rate requests when more than one facility in the same labor market would be affected by such rates.

(4) Facility directors shall submit a request to establish SSRs, adjust existing rates (upward or downward), move from above-minimum entrance rates to SSR ranges, or cancel SSRs when they are no longer appropriate. They are responsible for assuring that:

### CHAPTER 3. BASIC PAY AND LOCALITY COMPARABILITY PAY LIMITS

The following table identifies basic pay and locality pay limitations for the pay systems/occupations listed.

<b>Pay System/Occupation</b>	<b>Basic Pay Limit</b>	<b>Locality Pay Limit</b>
General Schedule/Hybrid Title 38	Level V	Level IV
Federal Wage System	Level V	Not Applicable
Senior Executive Service	Level III	Not Applicable
Executive Schedule	Varies	Not Applicable
Senior-Level	Level IV	Level III
Physicians/Dentists/	Level V	Not Applicable
Podiatrists/Optometrists/ [Chiropractors/] PAs/EFDAs	Level V	Level IV
Board of Veterans' Appeals	Level IV	Level III
Board of Contract Appeals	Level IV	Level III
Veterans Canteen Service	None	
Deputy Under Secretary for Health	Level IV	Not Applicable
Registered Nurses and Nurse Anesthetists (LPS)	Level V	Not Applicable

## 2. REFERENCES

- a. [Executive Order 12736, December 12, 1990.]
- b. [Public Law 101-509 (Federal Employees Pay Comparability Act of 1990)].
- c. [Public Law 102-40 (38 U.S.C., as amended)].
- d. [Public Law 106-419, November 1, 2000].
- e. [5 U.S.C. 5307].
- f. [38 U.S.C. 501(a)].
- g. [38 U.S.C. 7421(a)].
- h. [38 U.S.C. 7304 (formerly 4115)].
- i. [38 U.S.C. 7431-7439 (formerly 4118)].

**3. PAY COMPARABILITY.** VA is committed to assuring that the levels of total pay (basic pay plus special pay) for VHA physicians and dentists are fixed at levels reasonably comparable (a) with the levels of total pay of physicians and dentists employed by or serving in other departments and agencies of the Federal Government and (b) with the income of non-Federal physicians and dentists performing like services. This policy is intended to make possible the recruitment and retention of the best qualified workforce capable of providing high quality care for eligible veterans.

## 4. DEFINITIONS

a. **Specialty Trained.** Individuals certifying special pay computations (see paragraph 7 of this part) are to personally ensure that physicians or dentists who receive special pay for service in a scarce medical or dental specialty are board certified or specialty trained. This means it must be verified that the physician or dentist has attained the necessary experience or training in the specialty or is board certified and, as such, has met the requirements of a specialty board that is a member of the American Board of Medical Specialties, or certification from a specialty board recognized by the Board of Osteopathic Specialists, or recognized by the American Dental Association (see par. 5c of this part), prior to entering into the special pay agreement. This determination should be made in conjunction with the clinical privileging process. Training needed to meet board requirements shall be reflected on either the individual's employment form, VA Form 10-2850, Application for Physicians, Dentists, Podiatrists, [Chiropractors,] and Optometrists, or other appropriate documentation.

b. **Board Certification.** See paragraph 5c of this part.